

1 so I'm intentionally not asking the question with 2 regard to any -- 3 A. Okay. 4 Q. -- legal discussions. 5 A. Explain for me, if you will, what you 6 mean by "political ramifications." Just -- just 7 so I make sure I understand what -- 8 Q. Well, let's put it this way -- 9 A. -- what you mean. 10 Q. -- what would -- what's your 11 understanding of political ramifications? 12 A. Well, I'm -- I'm not sure. That's 13 why I'm asking you. 14 Q. Did you consider any political 15 consequences at all in connection with the 16 Chapter 9 filing? 17 A. Did I consider? 18 Q. Yes. 19 A. No. 20 Q. Do you believe that -- do you 21 understand -- did you have any discussions with 22 regard to whether or not the Governor was	Page 320 1 demonstrated any concern about political 2 ramifications as they're being used today. 3 Q. Did you understand that reductions in 4 vested pension benefits would be a necessary part 5 of any restructuring for Detroit? 6 A. I think that was certainly 7 anticipated, yes. 8 Q. Is it your understanding that the 9 Governor understood that the reduction in vested 10 pension benefits would be part of any 11 restructuring for Detroit? 12 MR. SHUMAKER: Objection: foundation. 13 MS. LEVINE: I'm asking him his 14 understanding. 15 THE WITNESS: I'm not sure what the 16 Governor understood. You'd have to ask him. 17 BY MS. LEVINE: 18 Q. Did the Governor ever communicate to 19 you that he expected that vested pension benefits 20 would be part of any restructuring for Detroit? 21 A. The Governor communicated to me that 22 he expected -- no.
Page 321 1 considering any political ramifications as a 2 result of the Chapter 9 filing? 3 A. I'm -- I'm trying to understand -- 4 let me put it to you this way: The answer would 5 be no, because I believe the Governor wasn't 6 concerned about political ramifications as you 7 asked. 8 Q. Okay. 9 And what do you base that 10 understanding on? 11 Why do you believe the Governor 12 wasn't concerned about political ramifications? 13 A. Without -- and -- and let me just say 14 this throughout the deposition. It is not my 15 intent to waive or in any way impact the 16 attorney-client privilege. 17 So I'm going to try to be responsive, 18 but I don't want to bleed over into any arguments 19 later that I somehow waived the privilege. 20 My impression is in any of my 21 discussions outside of attorney-client 22 communications with the Governor, he never	Page 323 1 Q. Did you discuss the reduction in 2 vested in pension benefits with the Governor prior 3 to the filing of the Chapter 9 petition? 4 A. Not outside of any attorney-client 5 communications. 6 Q. Did you discuss the reduction of 7 vested pension benefits, without going into what 8 was discussed, prior to the filing of the 9 Chapter 9 petition with the Governor? 10 A. Without waiving the attorney-client 11 privilege, we may have. 12 Q. You -- when you say "we may have," 13 you don't recall? 14 A. I -- I don't recall a specific 15 conversation with the Governor outside of 16 attorney-client communications talking about 17 reductions in pension benefits. 18 The Governor generally -- without 19 waiving the privilege, would generally say, you 20 make the decision that's best for the City in your 21 mind. 22 Q. Was it your understanding, prior to



800.211.DEPO (3376)
EsquireSolutions.com

October 04, 2013
376-379

1 BY MR. ULLMAN: 2 Q. "The latter" meaning there's 3 another -- 4 A. To the City -- 5 Q. -- payment mechanism? 6 A. -- no, no, no, not -- the latter -- 7 not the -- not the discount; "the latter" meaning 8 to the City and then to the fund. 9 Q. Okay. 10 A. I could be wrong, because may be -- 11 but I believe it's -- I believe it's that process. 12 Q. Okay. I'm asking because I thought I 13 had seen some other document which said that 14 the -- maybe it's the same thing -- the City gets 15 the money or has the right to bill the -- the 16 funds or the -- the liabilities to the Department 17 -- Department of Water and Sewer, and then the 18 Department of Water and Sewer would pay the City. 19 That's your understanding? 20 A. Yeah, that -- that's -- that's what I 21 was saying; that's the approximate mechanism. 22 Q. Okay.	Page 376 1 thought that the actual unfunded liability was -- 2 was higher than the 644 number and could be as 3 much as 3.5 billion or something like that? 4 A. Yes. 5 Q. Okay. My question is, does the -- 6 does the -- is the proportion of unfunded 7 liability allocable to the general fund versus the 8 Department of Water Sewer personnel constant if 9 you -- if you use a higher liability figure? 10 In other words -- 11 A. If we went up to 3.5 -- 12 Q. Yeah, yeah -- 13 A. -- million, would it be -- 14 Q. -- would the Department of Water and 15 Sewer still be approximately 38 percent of the 16 total unfunded liability? 17 A. I'm -- I'm not sure. I would think 18 that a rough estimate might be. But as I said, I 19 think, in September 16th, part of those 20 calculations had to do with a number of factors, 21 so I don't want to say that my testimony is as 22 exactly proportioned.
1 A. I could go back and check it to be 2 sure, but I think that's the approximate mechanism 3 as I understand it. 4 Q. Okay. Now, by my math -- I make no 5 representations as to my math, but just looking at 6 the numbers, it looked -- actually, do I have a 7 calculator here? I don't think I do. 8 What percentage is 250 over 650? I 9 actually didn't do the math. 10 A. Four -- it's 40-some odd. 11 Q. It's 40-some -- yeah, we can get it 12 precisely. 13 Zero? Oh. 14 250 divided by 6 -- let's say 650 -- 15 shoot, I didn't do that right. I apologize. Let 16 me try to clear this and do it again. 17 250 divided -- 6. This isn't right. 18 Okay. It looks like about 19 38 percent. 20 A. Right. 21 Q. Okay. You recall that -- that during 22 the last deposition, you indicated that you	Page 377 1 Q. Okay. And is it correct that the 2 Department of Water and Sewer itself, I think you 3 indicated last time, is run as a separate entity, 4 even though it's, I think, technically part of the 5 City, but it has its own books and records? 6 A. The Department of Water and Sewer is 7 a department of the City both technically and 8 practically. Pursuant to Judge Cox's order, it 9 has certain functions, which it can run 10 semiautonomously, but it remains a department of 11 the City. 12 Q. Okay. And as -- as a separate -- 13 as -- as an entity or a department of the City 14 that keeps its own books and records, the 15 Department of Water and Sewer itself shows a 16 profit for its own operations; is that right? 17 A. I'm not sure it shows a profit for 18 its own operations. I -- I'd have to look into 19 the word "profit" -- 20 Q. Okay. 21 A. -- but -- but it -- it stands -- it 22 generates revenue of its own and pays its



800.211.DEPO (3376)
EsquireSolutions.com

**KEYVN D. ORR Volume II
IN RE CITY OF DETROIT MICHIGAN**

October 04, 2013
412-415

	Page 412		Page 414
1 A. I think in a meeting with my attorney		1 when the tape runs out?	
2 and someone from his office.		2 THE VIDEOGRAPHER: Two minutes.	
3 Q. Okay. And when was that?		3 MR. DECHIARA: Okay.	
4 A. I don't recall the day. I don't -- I		4 Why don't -- why don't we take a --	
5 don't recall the -- it was after March. It may		5 maybe this is a good time -- do you have to -- how	
6 have been prior to or after the bankruptcy filing.		6 long does it take to change the -- change --	
7 I don't recall.		7 THE VIDEOGRAPHER: I can go off the	
8 Q. Okay. And who was at the meeting?		8 record now and change.	
9 A. I was at the meeting;		9 MR. DECHIARA: Okay.	
10 Attorney General Schuette was at the meeting; an		10 MR. ULLMAN: Why don't we take a	
11 attorney from his office, Matt, was there -- I		11 break and --	
12 forget his last name -- and my attorney,		12 MR. DECHIARA: Why we don't take a	
13 David Heiman, was on the phone.		13 break now? Is that --	
14 Q. Okay. And who -- how did the meeting		14 THE WITNESS: Sure.	
15 come about? Did someone ask to have the meeting?		15 MR. DECHIARA: -- is that good? He	
16 A. I think -- yes, I think the Attorney		16 has to change the tape.	
17 General's Office contacted my office and asked to		17 THE VIDEOGRAPHER: Going off the	
18 schedule a meeting.		18 record at 12:42. This marks the end of Tape	
19 Q. Did the person who asked to schedule		19 Number 1.	
20 the meeting explain why they -- the Attorney		20 - - -	
21 General wanted a meeting?		21 (Whereupon, a brief recess was taken	
22 A. No.		22 from 12:42 p.m. to 1:06 p.m.)	
	Page 413		Page 415
1 Q. Did you have an understanding of why		1 - - -	
2 he wanted a meeting?		2 THE VIDEOGRAPHER: Going back on the	
3 A. I don't think so. I think -- you		3 record at 1306. This marks the beginning of	
4 know -- no, I don't think so until we got to the		4 Tape Number 2.	
5 meeting. It was in Lansing.		5 MR. DECHIARA: Okay.	
6 Q. Okay. Do you recall the meeting?		6 BY MR. DECHIARA:	
7 A. Yes.		7 Q. Mr. Orr, before we broke, I was	
8 Q. What was said in the meeting?		8 asking you about a meeting you had with the	
9 A. Is that privileged?		9 Michigan Attorney General.	
10 MR. SHUMAKER: To -- to the extent		10 And my question was, what was said at	
11 that there was a common interest between what the		11 that meeting?	
12 Attorney General and his counsel was relating with		12 A. Yes.	
13 you and Mr. Heiman, I'm going to ask you --		13 With Attorney General Schuette, I	
14 instruct you not to answer.		14 don't recall the exact date, but, generally	
15 If it related to issues where there		15 speaking, the Attorney General -- at the meeting,	
16 was no common interest, you can testify to that.		16 as I said, was Mr. Heiman on the phone, the	
17 MR. DECHIARA: I -- I just -- can we		17 Attorney General and an attorney from his office,	
18 just pause? Are we on -- is there -- are you out		18 Matt, whose last name escapes me right now. And	
19 of tape or what's --		19 generally what was said, the Attorney General	
20 THE VIDEOGRAPHER: I've got		20 wanted to express why he felt duty-bound to take a	
21 five minutes on the tape.		21 position that the Michigan State Constitution	
22 MR. DECHIARA: Okay. You'll tell me		22 protected vested pension obligations.	



800.211.DEPo (3376)
EsquireSolutions.com

Page 476

1 BY MR. DECHAIRAS:

2 Q. Do you know who Bill Brandt is?

3 A. I've -- I've heard that name before.

4 I -- I think he was -- he's a bankruptcy trustee.

5 Q. Do you know whether he was considered
6 for any -- for the EM position?

7 A. I do not.

8 Q. Do you know whether he was considered
9 for any position as -- any professional position
10 in connection with the restructuring of the City
11 of Detroit?

12 A. I do not.

13 Q. Okay.

14 MR. DECHAIRAS: Thank you for your
15 time, Mr. Orr. I have no further questions.

16 THE WITNESS: Thank you.

17 MR. ULLMAN: I have a few follow-ups.

18

19

20

21

22

Page 478

1 Q. Okay. And you see we had talked
2 about the 250 million general fund relative to the
3 650 million total unfunded liability?
4 A. Yes.
5 Q. And we had calculated ratio
6 approximately 38-1/2 percent?
7 A. Right.
8 Q. And I think previously, when I was
9 asking about this, I had referred to the
10 38.5 percent as being the amount of the unfunded
11 liability allocable to the Department of Water and
12 Sewer. I think I -- I misspoke in that, because
13 the 250 would be -- the 38.5 percent would be the
14 amount allocable to the general fund, correct?
15 A. Yes, I -- I think that's accurate,
16 yes, we were talking about the numbers, but --
17 Q. We had them backwards?
18 A. -- we had them backwards.
19 Q. And so if the -- if the math is right
20 and it was about 38.5 percent, then the percentage
21 of the unfunded liability allocable to the
22 Department of Water and Sewer would be

Page 477

1 - - -
2 EXAMINATION (CONTINUED)
3 BY COUNSEL FOR RETIREES COMMITTEE
4 - - -

5 BY MR. ULLMAN:

6 Q. Hello, Mr. Orr.

7 A. Hello, Mr. Ullman.

8 Q. I just have a few questions for you
9 just to clarify the record, because I saw when I
10 was looking at the transcript that as sometimes
11 happens when lawyers do math, I got some numbers
12 transposed.

13 A. Okay.

14 Q. So if you could turn back to

15 Exhibit 22.

16 A. Okay.

17 Um-hum.

18 Okay.

19 Q. And if you could look at the Bates
20 page that we were looking at before which ends in
21 422.

22 A. Yes.

Page 479

1 approximately 61.5 percent?

2 A. But, remember, I said that you have

3 to be careful with trying to draw a straight-line

4 comparison between the two numbers you may

5 calculate in. But generally speaking, if we're

6 just talking about the math, that -- that --

7 Q. Right --

8 A. -- would be the estimate.

9 Q. -- I'm right here just talking about

10 the ratio on the -- the number that's referred to

11 as the 650 -- the approximately 650 by the Mayor.

12 A. Yes.

13 Q. And then I think the next question I

14 asked you, which I think is what you were alluding

15 to, that if you assumed a larger liability figure,

16 would that ratio continue to hold; and my

17 recollection is, your answer was roughly it would,

18 but you may have to, you know, fine-tune the math.

19 A. It -- it -- it might roughly hold,

20 but you need to be careful to not draw the

21 conclusion that is -- it's exactly comparable.

22 Q. Okay. I understand.



1 C E R T I F I C A T E

2 DISTRICT OF COLUMBIA:

3 I, Cindy L. Sebo, a Notary Public within
4 and for the Jurisdiction aforesaid, do hereby
5 certify that the foregoing deposition was taken
6 before me, pursuant to notice, at the time and place
7 indicated; that said deponent was by me duly sworn
8 to tell the truth, the whole truth, and nothing but
9 the truth; that the testimony of said deponent was
10 correctly recorded in machine shorthand by me and
11 thereafter transcribed under my supervision with
12 computer-aided transcription; that the deposition is
13 a true record of the testimony given by the witness;
14 and that I am neither of counsel nor kin to any
15 party in said action, nor interested in the outcome
16 thereof.

17
18 Cindy L. Sebo
19 District of Columbia, Notary Public
My Commission Expires
April 14, 2015
20



21 Cindy L. Sebo, RMR, CRR, RPR, CSR,
22 CCR, CLR, RSA, Notary Public



800.211.DEPO (3376)
EsquireSolutions.com